

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF

FROM: DON HOWELL
DEPUTY ATTORNEY GENERAL

DATE: DECEMBER 17, 2013

SUBJECT: ROCKY MOUNTAIN POWER'S BPA REP CREDITS,
CASE NO. PAC-E-13-11

On August 20, 2013, PacifiCorp dba Rocky Mountain Power filed Tariff Advice No. 13-01 to revise its tariff Schedule No. 34, commonly referred to as the Bonneville Power Administration (BPA) residential exchange program (REP) credit. In its tariff advice, Rocky Mountain proposed that the REP credit for residential and small farm customers be increased from the existing 0.1839¢ per kilowatt-hour (kWh) to 0.3095¢ per kWh effective October 1, 2013. At its Decision Meeting held September 30, 2013, and in Order No. 32901 issued October 1, 2013, the Commission partially approved the tariff advice and opened the present docket so the Commission Staff could further examine one issue.

THE TARIFF ADVICE

In its tariff advice, Rocky Mountain proposed to increase its residential exchange credit for Idaho customers in both FY14 and FY15. The Company reported that its FY14-15 REP benefits for Idaho, Oregon and Washington is \$34.741 million per fiscal year. Rocky Mountain proposed to allocate Idaho customers \$3.188 million per year. In Order No. 32901, the Commission conditionally approved the Company increase in the BPA rate credit.

The one issue left for further examination concerns the “reallocation” of REP benefits contained in the REP Settlement Agreement approved by the BPA Administrator in late 2010 and by this Commission in April 2011. Section 6 of the REP Settlement Agreement contains a mechanism for reallocating REP benefits among the six investor-owned utilities (IOUs). This “reallocation” agreed to by the IOUs and the three State Commissions became necessary so the benefits of settling the various BPA cases are roughly equal among the IOUs.

Under Section 6 of the REP Settlement Agreement there are two primary reallocation adjustments. First, the “annual” adjustment is allocated among the four IOUs (excluding PSE and NorthWestern) based on each IOUs share of the “Lookback” adjustments. Table 6.2.2. The second adjustment relates to NorthWestern Energy. This latter adjustment reallocated funds to NorthWestern. Under both adjustments, the amount of Idaho Power’s reallocation to the other IOUs was contingent upon it first receiving REP benefits.

For example, Idaho’s jurisdictional share of the reallocation adjustment paid to other IOUs is 28.5%, while Rocky Mountain calculated that its Idaho jurisdictional share of the adjustment paid to NorthWestern is 12.95%. Table 1 summarizes Rocky Mountain’s proposed jurisdictional treatment of the two reallocation adjustments.

Section 6 Reallocation Adjustments	Annual Adjustment FY14-FY15	Basis for Jurisdictional Treatment	Idaho Share	Idaho Annual Adjustment¹
Annual adjustment paid by PacifiCorp	(\$8,442,636)	Split based on each state’s share of Lookback adjustments	28.5%	(\$2,406,151)
Idaho Power – NorthWestern Energy adjustment paid to PacifiCorp	\$496,213	Split based on each state’s share of qualifying load	12.95%	\$64,279

As reflected in the table above, Staff was concerned about the consistency of the reallocation adjustments. Rocky Mountain maintained there was a reasonable basis for the proposed different treatment. Staff and representatives of Rocky Mountain met on October 10, 2013, to further discuss this issue.

Following that discussion and further analysis by Staff, Staff now recommends this docket be closed and the REP rate credits remain as calculated by Rocky Mountain. Staff recognizes the reallocations to NorthWestern were unique. At the time of the Settlement Agreement, NorthWestern had paid its Lookback amounts and had resolved its deemer issues. In addition, Idaho Power was in a unique position because it was generally contemplated that Idaho Power would not qualify REP benefits in the near term and thus Idaho Power would have no means of reallocating REP benefits to the other IOUs for Lookback, or pay NorthWestern.

¹ The Idaho annual adjustment does not equal the annual adjustment times the Idaho share due to rounding.

In addition, changing Rocky Mountain's allocation to the Idaho jurisdiction would either require other jurisdictions to agree to the change or Rocky Mountain would be responsible for funding the change in jurisdictional allocation. Based upon the unique facts of the settlement agreement, Staff believes that the difference between its concern and the Company's proposal is de minimus. Consequently, Staff recommends this docket be closed and no further adjustment to the REP rate credit take place in this FY14-15 cycle.

COMMISSION DECISION

Does the Commission agree with Staff's recommendation to close this docket without further adjustment to Rocky Mountain's REP credit?

A handwritten signature in black ink, appearing to read 'Don', is written over a horizontal line.

Don Howell
Deputy Attorney General

bls/M:PAC-E-13-11_dh